

**UCIB 4<sup>th</sup> Quarter Board Meeting Minutes**  
**December 19, 2014**  
**APPROVED**

Present:

-- Members: Sam Straight, Richard Ellis, Taylor Randall, Val Hale, Bob Majka

-- Guests: Susan Eisenman, Vince Mikolay, Bret Jepsen and Richard Pugmire

Approval of Minutes:

Review and Approval of minutes for 2Q14 (July 3) and 3Q14 (October 3)

- Discussion included changes made by Richard Ellis to items Item V. of the October 3 meeting. They were to change the Net IRR to 4% from 4.16 and a correction regarding his concerns with the Fund's future performance. With these modifications, a motion to approve was made Richard Ellis and seconded by Sam Straight. The motion was approved unanimously.

(Meeting in progress)

Discussion of the purpose of UCIB:

- \$125B in venture capital/private equity funds that flows throughout the U.S.
  - When more of this flows into Utah, it correlates directly to job growth
    - This occurs through relationships with GOED, the Governor's Technology Initiative, and other partners
- What does UCIB do differently from typical investment groups?
  - Leverage investment relationships on behalf of Utah entrepreneurs and small businesses
- Sessions held at the Leonardo that allow for exposure to Bay Area personnel

Utah Data & Analytics Summit (January 22, 2015)

- Accel Partners, Menlo Ventures, Andreessen Horowitz
- CEOs of businesses local to Utah
- Higher Education representatives in computer science, mathematics, etc.
  - Great opportunity for these companies to recruit graduates from Utah's universities and colleges

Utah Fund of Funds Audit

- Accomplishments:
  - Investment Management
  - Prolonged self-assessment during the 2008 Financial Crisis
    - At the time, the program refinanced the debt, cutting costs as much as 40%, and maintained relationships in non-investing time
  - Administrative costs
- Needed improvements:
  - No more debt-based financing
  - Economic reporting
    - 1-pg "report card" has been developed

- Responses:
  - Formally adopted an economic development plan
  - Refined policies and procedures to bring them into line with industry standard

#### Economic Development Plan

- Dual Mission: to operate profitably, as well as economic development
- Actionable Items:
  - Creation of forums where the entrepreneurs and the individuals that are raising the capital can be brought together, expediting the rate at which the entrepreneurs may receive funding.
    - Delicate manner of connecting the two is necessary due to venture/equity manager's apprehension at funding companies that they did not discover, or were not referred to

#### Discussion of Policies and Procedures Changes

- Importance of having a "Personal Interest Disclosure Form"
  - Increasing likelihood of board members having investments in local businesses
    - Important to avoid any semblance of self-dealing

#### Utah Capital Team

- Re: vacant position (replacement for Matt Peterson)
  - What skillset or experience would the new Managing Director of Economic Development need to have?
    - Experience in entrepreneurship
    - Existing network
    - Understanding of next generation of data analytics
    - Communication and interpersonal skills, specifically regarding interactions with legislators and government officials
  - Three individuals are currently being monitored for their availability and applicability for the position, but a more concrete decision has yet to occur
- Creation of an associate program
  - To provide skills and experience for next generation of investment professionals
    - Value comes from having these individuals look at new investments
  - Ideally made up of university students serving a minimum of 6 month internships

#### Review/Introduction to UCIC Team

- Amy Rees Anderson
- Ed Esber
- Bob Moore
- Scott Murray
- Scott Peterson
- Rep. Brad Wilson
- Steve Young
- UCIC believes that this is an appropriate capacity for the time being

#### Utah Fund of Funds

- UCIC has approved a refinancing of the Utah Fund of Funds debt
  - Value of portfolio is finally above the cost of debt

## UCIC

- Quarterly Performance
  - Up enough to cover the costs of the program (bulk is interest costs)
  - \$2.4M net gain as of June 30<sup>th</sup>
    - Performance after admin costs does not include financing cost
      - If Fund 1 had been equity financing from the beginning, a \$42.6M cushion would exist currently
      - Ties in to the discussion of Fund 2
    - In comparison to other Fund of Funds, this is a modestly performing fund, and the portfolio lacks any big name entities
  - Expected \$5M gain in the 4<sup>th</sup> Quarter from the largest holding in the fund (5% of portfolio)
  - Expected gain of \$1.8M from 12% of portfolio that is made up of publicly traded securities
  - Potential for write-downs, specifically in regards to energy exposure in the portfolio
  - \$10M in net distributions
  - As of December 9<sup>th</sup>, the balance of the debt is below \$100M
  - Only 2 or 3 funds that are still in the investment period and have the ability to make new investments
- Utah Economic Impact
  - 1 new business received investment in Q3, bringing the total to 74
  - \$860M deployed by the 28 funds and the portfolio into Utah companies; more than \$16M of just the Utah Fund of Funds money into Utah companies

## UCIB Policies & Procedures

- Policies & Procedures document has been drafted lately, but is still in formulation phase
  - Many things have been left open for policy discussion by the Board:
    - Re: charging the corporation fees
    - Re: tax credit registry
    - Many additional issues
  - Red line suggestions from those present are to be sent to Susan Eisenman via e-mail, or discussed with her personally prior to the 1Q15 meeting.

**Motion to hold a closed meeting made by Sam Straight and seconded by Val Hale. Motion passed unanimously.**

**Motion to close the closed meeting, and adjourn the meeting, made by Taylor Randall and seconded by Sam Straight. Motion passed unanimously.**